

## ORDINANCE NO. NS-2898

## AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA ANA ADOPTING THE PROACTIVE RENTAL ENFORCEMENT PROGRAM (PREP) IN CHAPTER EIGHT OF THE SANTA ANA MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF SANTA ANA HEREBY ORDAINS AS FOLLOWS:

Section 1. The City Council of the City of Santa Ana hereby finds, determines and declares as follows:

- A. The City Council of the City of Santa Ana previously adopted the Proactive Rental Enforcement Program (PREP), to provide periodic and systematic inspections of all residential rental properties in the City of Santa Ana.
- B. The PREP is intended to uncover unsanitary conditions and life safety hazards for occupants of residential rental properties, to ensure that rental properties have operable and safe water, sewage disposal, heating and electric systems, and to encourage owners or managers of residential rental properties to make repairs and conduct preventative building maintenance before deteriorated conditions upon rental property become life safety issues.
- C. The previous PREP program terminated by its own sunset clause on December 31, 2015, and the City Council hereby finds that the establishment of a periodic housing inspection program is necessary to protect the public health, safety and welfare of its residents.
- D. All fees assessed for the PREP bear a direct correlation between the amount of the fee and the actual cost of the services provided, including administration, enforcement and implementation services specifically related to the PREP.
- E. Total projected expenditures for the PREP would amount to an estimated \$918,622.00, which includes an estimated \$659,000.00 for required staff and an estimated \$259,622.00 in operational costs.
- F. On June 20, 1994, the City Council adopted Resolution No. 94-026 (Resolution) which approved and adopted the "Gold Seal Incentive Program" whereby particular residential properties or residential apartments may be certified as having met standards of excellence in property maintenance and as certified, would be exempted from payment of the residential rental surcharge fee for a three-year period.

- G. Such Resolution is hereby rescinded and the Gold Seal Incentive Program is included in the terms of this ordinance.
- H. The funding for the Gold Seal Incentive Program is \$110,000.00, which will provide for 4,782 units to receive exemptions from the annual fee. The number of units that can be approved to participate in the Gold Seal Incentive Program will fluctuate with the adjustment of the annual fee based on the rental program fee study.
- I. According to 2015 records an inventory of 32,165 rental units are licensed for inspection. Subtracting out the 4,782 units qualified for the Gold Seal Incentive Program, 27,383 units are accountable for the \$23.00 per unit annual fee, thus generating an annual revenue of \$629,809.00.
- J. It is anticipated that the deficit for the PREP will be \$288,813.00 for the PREP based on the estimated \$918,622.00 in expenditures and \$629,809.00 in revenues.
- K. City Council finds that continuation of the Proactive Rental Enforcement Program is essential to the neighborhoods in Santa Ana to provide assurance that the rental housing will not be allowed to revert to the condition which led to the initial concerns for the original implementation of the inspection program.

Section 2. In accordance with the California Environmental Quality Act, the recommended action is categorically exempt from further review per section 15321, Class 21, as the project involves an enforcement action by a regulatory agency for an inspection program. A Categorical Exemption for Environmental Review No. ER-2015-96 will be filed for this project.

Section 3. Santa Ana Municipal Code Section 8-47 is hereby amended to read as follows:

Sec. 8-47. Proactive rental enforcement program fee.

All funds received pursuant to the provisions of section of Article X. Division 2 of Chapter 8 of this Code shall be deposited in a separate account and identified with a separate unique expenditure activity number. All such funds shall be expended solely for the proactive rental enforcement program and shall not be used for any other purpose.

All interest income earned by the moneys in the proactive rental enforcement program account shall also be expended only for the proactive rental enforcement program. Should such monies be invested in combination with other funds and accounts, then the pro rata share of the interest earned by all such monies that is

attributable to the program account shall be expended for the proactive rental enforcement program.

Section 4. In Chapter 8 of the Santa Ana Municipal Code, the words "Division 1" shall be inserted after the title "Article X." as follows:

**ARTICLE X. PROPERTY MAINTENANCE.**

**DIVISION 1. GENERALLY.**

Section 5. Division 2. Is hereby added to Article X of Chapter 8 ("Property Maintenance") of the Santa Ana Municipal Code to read as follows:

**DIVISION 2 – PROACTIVE RENTAL ENFORCEMENT PROGRAM.**

**Sec. 8-1960. Title.**

This Division of Chapter 8 is known as the "Proactive Rental Enforcement Program" may be cited as such, and will be referred to herein as "this Division".

**Sec. 8-1961. Purpose and Intent.**

**A. Purpose**

The purpose of the Proactive Rental Enforcement Program (PREP) is to promote public health, safety, and welfare through a system of proactive code enforcement involving residential rental property within the City of Santa Ana. This code enforcement effort is designed to ensure continued compliance with Section 17920.3 of the California Health and Safety Code, Chapter 8 and 41 of the Santa Ana Municipal Code (SAMC or Code), the Housing Code, the California Building, Electrical, Plumbing and Mechanical Codes which, as adopted by the City of Santa Ana, govern substandard building conditions. The implementation of this program also promotes environments in which unhealthy conditions and life safety hazards are reduced for occupants of residential rental property by identifying and correcting code violations which result in: a threat to occupants' safety, a threat to a building's structural integrity including plumbing, heating and electrical systems, and a negative impact on the surrounding neighborhood.

**B. Intent**

The intent of this Division is to proactively identify substandard conditions on residential housing property and in residential housing units located thereon; to ensure the preservation, rehabilitation or abatement of rental housing that does not comply with State and local building and housing laws and with maintenance standards established by this Division or is unsafe to occupy; to ensure the health and safety of residents of the City of Santa Ana living in rental housing units. It is the intent of this program to address conditions that are immediate hazards or clearly present a threat to human life,

health or safety. Such conditions will receive full and rapid enforcement. Significant code violations that are not immediate hazards to human life, health or safety will be subject to full enforcement proceedings however, reasonable time periods shall be established for compliance.

In accordance with the provision of Section 17920.3 of the Health and Safety Code, Chapter 41 of the Santa Ana Municipal Code, the Housing Code, the California Building, Electrical, Plumbing and Mechanical Codes, it is not the intent of this program to require mandatory retrofits of existing conditions which were built or installed according to code requirements in effect at the time of building or installation and have been maintained in a good and safe manner, unless the retrofitting is required by ordinance as adopted by the City of Santa Ana.

**Sec. 8-1962. Definitions.**

For the purpose of this Division, the following terms, phrases and words shall have the meanings set forth below.

“City” means the City of Santa Ana, a charter city and municipal corporation.

“Executive Director” means the Executive Director of the Planning and Building Agency of the City, who is hereby authorized to carry out responsibilities under this Division, including making rules and regulations and adopting guidelines as may be necessary to aid in the clarification and enforcement of the provisions of this Division, or his/her designee.

“Leasehold” or “leasehold interest” as applied to any real property shall mean any person who possesses or shares an estate in realty held under lease. As applied to any dwelling, building, structure, premises or portion thereof located on such real property, the term “leaseholder” and/or “leasehold interest” shall mean any person who possesses or shares in a contract for exclusive possession or control of any such dwelling, building, structure, premises or portion thereof for a limited time.

“Leaseholder-lessor” shall mean any person, including the duly authorized agent of such person, who, while in possession of a leasehold or leasehold interest in any residential real estate, acts as a lessor by engaging in the subleasing, subletting, providing, exchanging or trading of any such real property, dwelling, building, structure, premises or portion thereof without loss of leasehold.

“Person” shall mean, without limitation, corporations of every kind, all firms and companies, partnerships of every kind, private trusts, real estate investment trusts, estates, associations, joint ventures, limited liability companies of every kind, cooperatives, all other types of business entities defined or authorized under federal and state laws, receivers, trustees, guardians or other representatives appointed by order of any court, and any natural individuals transacting and carrying on any business in the city as the duly authorized agent of any of the foregoing.

“Property Owner” means that person or entity, including such person’s duly authorized agent, holding a vested ownership interest in a given property, whether recorded or unrecorded, including any person appearing as the owner of record of the real property on the most current deed recorded in the Orange County Recorder’s Office on the day of inspection and acting as an Owner-lessor. Property Owner shall include any person holding a leasehold interest acting as a Leaseholder-lessor on the day of inspection, including such person’s duly authorized agent. In addition, Property Owner shall also mean any person holding equitable title in a given property pursuant to a land sale contract, including such person’s duly authorized agent.

“Owner-lessor” shall mean any person, including the duly authorized agent of such person, who, while an owner or while having an ownership interest in any residential real estate, acts as a lessor by engaging in the leasing, renting, providing, exchanging or trading of any such real property, dwelling, building, structure, premises or portion thereof without loss of ownership.

“Owner’s representative” means the property owner’s duly authorized agent, including but not limited to, property manager or other person who has charge or control over a rental housing property or a rental housing unit on behalf of the property owner.

“Occupant” means any person who occupies a unit, whether as an owner, tenant, co-tenant, lessee, or permittee of the owner, regardless of any lease agreement.

“Premises” shall include all lands, buildings, accessory buildings or structures erected or modified, equipment and appurtenances connected or used therewith, and any personal property affixed to or otherwise used for the purpose of transacting and carrying on any business on such premises.

“Rental housing property” means a parcel of real property, as shown on the latest equalized tax assessment roll as maintained by the assessor of the County of Orange, upon which at least one rental housing unit is maintained. “Rental housing property” includes the premises upon which a rental housing unit is located, including parking areas, driveways, landscaping, accessory structures, fences, walls, swimming pools, hot tubs, and spas.

“Rental housing unit” means a dwelling unit, building, structure, premises or portion thereof that is being, or is intended to be, rented, leased, subleased, sublet, provided, exchanged or traded, without loss of ownership for the immediate or planned purpose of dwelling, sleeping, lodging, boarding or other such occupancy, accommodation or general residency. Examples of rental housing units covered by this Division include dwelling units in apartment complex buildings and apartment houses, dwelling units in duplexes, triplexes, fourplexes, and fiveplexes, dwelling units in condominiums, dwelling units in townhomes, dwelling units in planned unit developments, and dwelling units comprised of single family residences. “Rental housing unit” does not include units

used for transient lodging such as dormitories, group homes, rooming or boarding houses, hotels, motels, and bed and breakfast facilities.

“Reportable Violations” means those housing code violations which under this program shall give the City cause to issue an Administrative Citation, a Notice of Violation or Notice and Order.

“Substandard condition” means the presence of any one or more of the following conditions on rental housing property: (i) any condition that constitutes a public nuisance as defined in California Civil Code Sections 3479-3480; (ii) any condition of deterioration or disrepair that creates a substantial adverse impact on neighboring properties; (iii) any violation of the City of Santa Ana Municipal Code that creates a substantial adverse impact on neighboring properties, such as graffiti or abandoned, wrecked, dismantled or inoperative vehicles (or parts thereof); or (iv) any condition not in compliance with the Building Standards Codes, as adopted in Chapter 8 of this Code, including the building, electrical, plumbing, and mechanical codes, the California Fire Code, or the State Housing Law (Health and Safety Code Sections 17910 et seq.). A substandard condition includes, but is not limited to, the following enumerated conditions:

A. Property, whether improved or not, which is not kept substantially clean and free from accumulations including, but not limited to, overgrown, dead trees, weeds or other vegetation, rank growth, rubbish, junk, garbage, litter, debris, flyers or circulars.

B. Buildings or structures which are unpainted or the exterior paint is substantially worn off; provided, however, that nothing in this section shall be construed to require an owner to paint a building where the architectural style indicates it was intended to be unpainted, such as a brown shingle building.

C. Buildings or structures or significant sections thereof including, but not limited to, awnings, canopies, exterior stairs, roof, foundation, walls, fences, signs, retaining walls, driveways, or walkways which are substantially deteriorated or defaced, or windows which are missing or broken. For the purposes of this section, “defaced” includes, but is not limited to, writings, inscriptions, figures, scratches, or other markings commonly referred to as “graffiti.”

D. Property which contains, in the outdoor area, any refrigerator, washing machine, sink, stove, heater, boiler, tank or any other household equipment, machinery, furniture, or item, appliance or appliances, boxes, lumber, dirt or debris, trash, garbage or refuse cans, or any items other than those commonly stored outdoors, or any parts of such items. This subsection does not prohibit machinery installed in the rear setback areas for household or recreational use, furniture designed and used for outdoor activities, trash cans in the front yard during the twenty-four hour period allowed for garbage pick-up, and garbage bins or debris boxes.

Notwithstanding the above definition, public nuisances pertaining to unsafe buildings, structures, or property conditions, as defined by the Building Standards Codes, the California Fire Code, and/or the State Housing Law, shall not constitute a substandard condition for purposes of this Division and shall remain within the exclusive enforcement authority of the Building Official to the extent required by state and local law.

**Sec. 8-1963. Application/Scope.**

A. The provisions of this Division shall apply to all owners of one (1) or more residential rental dwelling units or rental housing property located within the city of Santa Ana, unless exempt as provided in this Division.

B. The provisions of this Division are supplementary and complementary to other provisions of this Code and applicable statutes. Nothing in this Division may be construed to limit any existing right of the City to abate nuisances or to enforce any provisions of applicable law, statute, or this Code, including provisions of uniform codes adopted by reference in this Code. These provisions include, but are not limited to, the California Building Standards Codes, as adopted in Chapter 8 of this Code, including the building, electrical, plumbing, and mechanical codes, the California Fire Code, and the State Housing Law (Health and Safety Code Sections 17910 et seq.); and zoning requirements listed in Chapter 41 of this Code.

C. The provisions of this Division shall not apply to legal accessory dwelling units, rooms rented to single individuals in an owner-occupied single-family residence, hotel or motel units subject to the hotel visitors' tax and mobile home parks.

**Sec. 8-1964. Regulations Non-Exclusive.**

The provisions of this Division regulating residential rental dwelling units are not intended to be exclusive, and compliance with this Division shall not excuse non-compliance with any other applicable provision, requirement, or regulation of this Code or any applicable state and federal law. Nothing in this Division shall limit or preclude inspection conducted by the fire department inspectors for compliance with fire codes.

**Sec. 8-1965. Responsibility for Maintenance.**

Every owner of a rental housing unit or rental housing property in the City shall:

- A. Maintain the rental housing unit and the rental housing property so that no substandard condition exists at the rental housing unit or on the rental housing property;
- B. Correct all substandard conditions before a re-inspection occurs; and
- C. Be liable for violations of this Division regardless of any contract or agreement with any third party concerning the rental housing unit and/or its rental housing property.

**Sec. 8-1966. Exemptions.**

A. The following rental housing units shall be exempt from the requirements of this Division:

1. Legal accessory dwelling units and/or rooms rented to single individuals in an owner-occupied single family residence.
2. Rental housing units comprised of a single-family residence or other undivided single residential rental premises as between an owner or leaseholder and any individual immediately related by blood, adoption or marriage to said owner or leaseholder, as approved by law, where the remuneration rendered to said owner or leaseholder does not exceed the cost of maintaining said premises, as set forth in this Code.
3. Eligibility for the fee exemptions herein provided is restricted to property owners who are natural persons and whose ownership of or leasehold interest in said residential rental property is undivided.
4. A property owner or leaseholder claiming a fee exemption under this section shall have the burden of furnishing to the Executive Director such information as the Executive Director may require to support the claim of eligibility for exemption.

B. Gold Seal Incentive Program. If a Property Owner's rental housing property or rental housing unit qualifies for the Gold Seal Incentive Program (as further described in Exhibit A (the "Gold Seal Incentive Program Outline") incorporated herein by this reference as though fully set forth, the Property can be exempt from the periodic regulatory inspection fee for three (3) years. In order to qualify for the incentive program, a rental property owner must pass all parts of a three-stage process, as described more fully in Exhibit A.

**Sec. 8-1967. Fees.**

A. The following fees are established and shall be imposed upon the owners of rental housing properties:

1. Rental Housing Inspection Fee. A non-proratable regulatory inspection fee in the amount established by resolution of the City Council shall be assessed annually on a July 1<sup>st</sup> to June 30<sup>th</sup> fiscal year basis to each owner of residential rental property within the City of Santa Ana to cover the cost of administering and enforcing the provisions of the Proactive Rental Enforcement Program. Except where otherwise provided under the terms of this Division, the Rental Housing Inspection Fee shall be payable 30 days in advance of each fiscal year period. The Property Owner shall have the responsibility for payment of this fee.

2. Re-inspection Fee. The City may, at the discretion of the Executive Director, charge a property owner a re-inspection fee only on the third and subsequent visit to a property for a specific violation. In the event a Rental Housing Property Re-inspection Fee is assessed during the aforementioned fiscal year period it shall be billed and the fee shall be due and payable within thirty (30) days.

3. Permit Fees. Regular permit fees shall be charged upon issuance of permits required for any alteration or repairs to a structure or its utilities as required by the Santa Ana Municipal Code, the Housing Code, Health and Safety Codes and the California Code of Regulations. The Executive Director is authorized to establish procedures for the collection of Permit Fees and any delinquent fees plus interest.

- B. The City Council shall establish the amounts of the foregoing fees by resolution.
- C. The Rental Housing Inspection Fee shall first be billed and become due and payable July 1, 2016 for all known "Rental Housing Units" which exist within the City of Santa Ana upon the effective date of this ordinance and such fees shall be deemed past due and delinquent after July 31, 2016. For each subsequent year such fees shall be billed before the last business day in the month of May and shall be due by the last day in the month of June following and deemed delinquent thereafter. Where a newly established, or previously unknown, or previously exempt rental housing property or rental property unit is made known to, or is discovered by the City, or otherwise becomes eligible for payment of the Rental Housing Inspection Fee during the aforementioned fiscal year period it shall be billed and the fee shall be due and payable within thirty (30) days.
- D. When the last day of the month in which any fee penalty or late interest charge required to be paid pursuant to this Division is due falls on a Saturday, Sunday, or state or national holiday, or City Hall closure day, the payment of such fee may be made without penalty on the first working day of the succeeding month. For the purpose of this Division, postmarks shall be accepted as the date of payment made, provided the transmitting envelope contains a post office cancellation indicating not later than the date due, or in the case of a weekend or holiday, or City Hall closure day, not later than the first following working day.
- E. Whenever any other payment of any fee required to be paid is received after the time prescribed and such payment was deposited in the United States mail prior to the time prescribed for the receipt thereof, the Executive Director shall regard such payment as having been timely received. Where said due date falls on a weekend, holiday, or City Hall closure day then payment of said fee may be deemed timely if received on the next City business day following in accordance with the criteria established in subsection (D) above.

F. To effectively and equitably implement the purpose and intent of the general provisions of this Division the Executive Director, in his or her discretion, may vary the strict procedural, enforcement, collection, or other administrative requirements of this Division. In addition to all other authority conferred upon him or her, the Executive Director shall have the power, for good cause shown, to waive or reduce any penalty or late interest imposed, or fee demanded.

**Sec. 8-1968. Reserved.**

**Sec. 8-1969. Penalties for Delinquent Payment of Fees.**

For failure to fully pay any required fee(s) when due, the Executive Director shall add the following penalties:

- A. Ten dollars (\$10.00) or ten (10) percent of the unpaid balance of said fee(s), whichever is greater, on the past due date thereof;
- B. Fifteen dollars (\$15.00) or fifteen (15) percent of the unpaid balance of said fee(s), whichever is greater, on the first day of the second month after the due date thereof;
- C. Twenty-five dollars (\$25.00) or twenty-five (25) percent of the unpaid balance of said fee(s), whichever is greater, on the first day of the third month after the due date thereof; and
- D. Fifty dollars (\$50.00) or fifty (50) percent of the unpaid balance of said fee(s), whichever is greater, on the first day of the fourth month after the due date thereof.

The maximum amount of delinquent penalty, exclusive of late interest, shall not exceed an amount equal to one hundred (100) percent of the amount of the fee(s) past due. Notification of delinquent past due fee(s) will be given by first class mail no later than the fifteenth day of each month after the month in which said fee(s) first became delinquent, until the maximum penalty is imposed.

**Sec. 8-1970. Penalties - Added to Fee.**

Any penalties hereinabove assessed for delinquent past due fees, exclusive of interest, upon attaining a combined amount equal to one hundred (100) percent of the amount of such fee shall become merged with the fee payable hereunder and shall be considered as a part thereof for all collection purposes.

**Sec. 8-1971. – Late Interest.**

In addition to the past due delinquency penalties imposed in Section 8-1969, any Rental Property Owner that fails to pay the Rental Housing Unit Fee due shall pay interest at

the rate of one (1) percent per month, or portion thereof, exclusive of penalties, on the amount of the unpaid fee, from the date on which payment first became past due and delinquent until paid-in-full or otherwise satisfied. Provided however, that pursuant to Section 8-1970 penalties upon attaining a combined amount equal to one hundred (100) percent of the fee due are merged with the fee payable hereunder and any additional interest charged from such date on shall be charged on the combined amount past due and delinquent until paid in full or otherwise satisfied.

**Sec. 8-1972. Notice of Inspection.**

- A. The City shall serve written notice of pending inspection on the property owner at least fifteen (15) days prior to the inspection. Such notice will be mailed via first-class mail to the owner and to the owner's representative (if any) at the owner's and owner's representative's addresses, as they appear on the owner's current business license. Such notice will request that the owner call and schedule an inspection within fifteen (15) days. If an owner fails to call to schedule an inspection appointment, the City will send the owner a fifteen (15) day notice of the scheduled date and time of the inspection. This notification requirement is waived however, if the property owner and the City mutually agree upon the date and time of an inspection or re-inspection.
- B. The owner or the owner's representative must notify the occupants or lessees of the date and time of the interior inspection or otherwise obtain legal access to the unit/s pursuant to the terms of the applicable lease or rental agreement.
- C. If the occupant or lessee of a rental housing unit does not consent to entry for inspection, the Executive Director is authorized to seek approval of an inspection warrant from a court of competent jurisdiction to cause the inspection to take place. The owner shall not be penalized or fined for the failure of a lessee to afford access to a rental housing unit which is the subject of such an inspection, provided that the owner and/or the owner's representative cooperates with the Executive Director.

**Sec. 8-1973. Inspections.** The frequency with which a property is inspected over a four-year period shall be determined by the Executive Director, however inspections shall be performed at least once every four years (unless exempt as set forth in this Division).

**A. Level One Inspection**

Under the Level One Inspection, only the exterior and/or common areas of the property will be inspected with all violations being cited. This inspection will be done in accordance with a uniform procedure and will involve a standardized checklist of those items which will be evaluated on each property. The checklist will include violations involving any visible substandard and health and safety conditions; general property

maintenance violations; and any other violations of the Santa Ana Municipal Code. These violations may include:

- a. Poorly maintained landscaping
- b. Lack of address on structure
- c. Trash and debris
- d. Inoperative vehicles
- e. Trash containers in public view
- f. Lack of paint on wood surfaces
- g. Balcony storage
- h. Deteriorated driveways, porches, landings and balconies
- i. Deteriorated stairs, guardrails, railings and handrails
- j. Illegal storage
- k. Unapproved structural/plumbing/electrical/mechanical exterior alterations
- l. Other unsightly conditions

#### B. Level Two Inspection

The Level Two Inspection may be used on multi-family properties and will consist of an exterior inspection of all structures and common areas, and an interior inspection of twenty percent (20%) of selected units. This exterior and interior inspection will be done in accordance with a uniform procedure of those items which will be evaluated in each unit. The exterior inspection will include the checklist of violations listed under the Level One Inspection and the interior inspection will include a checklist of:

- a. Unapproved structural/plumbing/electrical/mechanical interior alterations
- b. Deteriorated plumbing, electrical, mechanical or structural systems
- c. Deteriorated walls and floors
- d. Other substandard conditions as noted in Health and Safety Code Section 17920.3.

#### C. Level Three Inspection

The Level Three Inspection will consist of an interior inspection of all units on multi-family properties or an interior inspection of the home on single family properties. This is the most complete level of inspection and will be done in accordance with a uniform procedure and will involve a standardized checklist of those items which will be evaluated in each unit. This checklist will be consistent with the Level One Inspection and the Level Two Inspection.

#### **Sec. 8-1974. Notification of Inspection Results.**

Within thirty (30) days following an inspection performed under this Division in which any violations are found, the City will send to the Property Owner, by first class mail, a formal notice listing all violations found.

**Sec. 8-1975. Compliance.**

A Property Owner who has been issued a Notice of Violation, Administrative Citation or Notice and Order must correct all reportable violations within the specified timeframes listed on the Administrative Citation, Notice of Violation or Notice and Order. Before initiating any correction of the substandard condition or conditions identified in the formal notice/s by the City to comply, the Owner or the Owner's representative of the rental housing unit shall obtain all necessary permits and pay all required fees for the permits, including, without limitation, any penalty imposed by this Code by reason of any repair, improvement or maintenance which had been done in the past without a required permit, inspection or final City approval.

**Sec. 8-1976. Failure to Comply.**

When a Property Owner receives an Administrative Citation, a Notice of Violation or a Notice and Order, s/he is required to make all necessary repairs outlined in such notice in the prescribed compliance period. If a Property Owner fails to comply within the specified timeframe, s/he may be subject to civil citation fines or any other legal remedy established by law which may be pursued to address violations of the Municipal Code. The use of the administrative citation fines in place of other remedies shall be at the sole discretion of the City (SAMC section 1-21). Issuance of administrative citation fines shall not be deemed a waiver of any other enforcement remedies found within this Code including the referral of a Notice of Violation and/or Notice and Order being referred to the City Attorney's Office for legal action.

**Sec. 8-1977. Appeals.**

- A. Any recipient of an administrative citation may contest that there was a violation of the Santa Ana Municipal Code or that he or she is the responsible person by completing a "request for hearing" form and returning it to the City within fifteen (15) days from the date the administrative citation is served or deemed to have been served as indicated in Section 1-21 of this Code. Such "request for hearing" forms shall be made available at no charge by the planning and building agency. A failure to file a timely "request for hearing" shall be deemed a waiver of the right to appeal the citation and to seek judicial review (SAMC section 1-21.8).
- B. A Property Owner may initiate an administrative appeal to the Executive Director regarding the notices, violations, citations and/or fees that the Property Owner has received in conjunction with a property inspection as performed under the provisions of this program as set forth in Chapter 3 (Uniform Hearing and Appeal Procedure).

**Sec. 8-1978. Penalty for violation.**

Every violation of the provisions of this Division shall be deemed to be a misdemeanor and, upon conviction thereof, shall be punishable as provided for in section 1-8 of this

Code. Each day any violation of any said provision of this article shall continue shall constitute a separate offense. In addition, the City may seek injunctive relief and civil penalties in court for violations of this Division. The remedies provided for in this Division shall be cumulative and not exclusive of any other remedies available under any other federal, state or local laws.

**Sec. 8-1979. Relocation Costs.**

If any lessee is displaced from a rental housing unit after an order to vacate issued by the Executive Director because a violation is of such a nature that the immediate health and safety of the lessee is endangered, the costs and expenses of relocating the lessee from the unit are and shall be the responsibility of the owner to the extent required by State law (Health & Safety 17975-17975.10) and in accordance with the terms of the lessee's rental agreement, if any.

**Sec. 8-1980. Removal of Tax Benefit.**

If, after a notice and order to repair has been issued, and the property owner fails to correct the violation, the City may utilize any administrative or legal remedy available. Further, the City intends to utilize the provisions of Section 24436.5 of the Revenue and Taxation Code to encourage the elimination of substandard conditions in rental housing. Said section provides for the disallowance for State income tax purposes of interest, depreciation, taxes, or amortization deductions, which are derived from the ownership of rental housing which is not in compliance. The City is also authorized to use the remedies set forth in State Housing law.

**Sec. 8-1981. Nonpayment of Fee; Assessment of Fee Debt by Public Lien; Recording and Enforcement of Liens; Recording Service Fee.**

- A. Recording of a Certificate of Lien. If any fee amount, including penalties, late interest, and any administrative fees or fines required to be paid under this Division is not paid when due, the Executive Director, or any duly authorized employee of the City acting as his or her designated agent, may record or cause to be recorded, in the office of the Orange County Recorder, a certificate which specifies the amount due, the name and address of the person liable for the same, a statement that the Executive Director has complied with all provisions of this Division in the determination of the amount required to be paid, and a legal description of the real property owned by such person. From the time of the recording of the certificate, the amount required to be paid together with penalties, interest, and administrative fees owing constitutes a lien upon all real property in the county owned by such person or thereafter acquired before the lien expires. The lien shall have the force, effect and priority of a public lien and shall continue for ten (10) years from the filing of a certificate unless sooner released or otherwise discharged.

- B. Recording service fee. Whenever the Executive Director in his or her discretion determines that the recording of a certificate of lien is desirable to secure and effectuate the collection of any amount required to be paid under the terms of this Division, then a recording service fee shall be applicable in the amount as specified by resolution of the city council.

Section 6. If any section, subsection, sentence, clause or phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Santa Ana hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause or phrase or portion thereof irrespective of the fact that any one or more section, subsection, sentence, clause or phrase or portions be declared invalid or unconstitutional.

ADOPTED this 17th day of May 2016.

  
 Miguel A. Pulido  
 Mayor

APPROVED AS TO FORM:  
 Sonia Carvalho, City Attorney

By:   
 Lisa Storck  
 Assistant City Attorney

AYES: Councilmembers Amezcuca, Pulido, Reyna, Sarmiento (4)

NOES: Councilmembers None (0)

ABSTAIN: Councilmembers None (0)

NOT PRESENT: Councilmembers Benavides, Martinez, Tinajero (3)

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, MARIA D. HUIZAR, Clerk of the Council, do hereby attest to and certify that the attached Ordinance No. NS-2898 to be the original ordinance adopted by the City Council of the City of Santa Ana on May 17, 2016, and that said ordinance was published in accordance with the Charter of the City of Santa Ana.

Date: 5/25/2016

Maria D. Huizar  
Clerk of the Council  
City of Santa Ana

## EXHIBIT A

### GOLD SEAL INCENTIVE PROGRAM

#### 1. BACKGROUND

The incentive program is a mechanism that positively affects the quality of rental housing in the City of Santa Ana. The program provides a monetary and marketing incentive for rental property owners to abide by a set of minimum criteria - criteria that is, in some cases, over and above that which is required by law.

**Monetary Incentive** - Owners of rental property who apply and qualify for the program are exempt from the regulation inspection fee.

**Marketing Incentive** - Owners of rental property who apply and qualify for the program are presented with materials to utilize when marketing their units.

#### 2. ELIGIBILITY

All rental properties in the City of Santa Ana that pay a current regulation inspection fee are eligible for the incentive program. A property with any one of the following conditions is ineligible for the incentive program:

- A. Unpaid regulatory inspection fee
- B. Outstanding code violations

**Application Fees** – Application fees will not be charged for the first 100 applications. After the first 100 applications are processed, staff will evaluate whether or not an application fee should be charged as a disincentive for frivolous filings.

#### 3. QUALIFYING FOR THE INCENTIVE PROGRAM

In order to qualify for the incentive program, a rental property owner must pass all parts of a three-stage process.

Level One - The rental property owner will notify the City that he/she wishes to apply for the incentive program and fill out the appropriate application. This will initiate a review and evaluation of the property's management practices. Owners will be asked to provide the necessary information and documentation to verify that they currently adhere to the following five good management practices:

Good Management Practices:

- a) Owner abides by all fair housing laws
- b) Owner uses a formal method to screen all potential residents
- c) Owner utilizes a written rental agreement that contains specific criteria
- d) Owner utilizes written "House Rules"
- e) Owner performs "walk-throughs" at the beginning and end of each tenancy

Specific criteria necessary for verification of the "good management practices" shall be outlined in the program implementation policy.

Each management practice must be passed in order to advance to Level Two and is subject to on-site verification during the Level Two inspection.

Level Two - Only owners who have passed Level One of this program will be eligible to initiate Level Two. This stage consists of an exterior inspection of the property and verification of the current use of the good management practice materials submitted by the owner during Level One. The criteria for this exterior inspection is listed under "Violation Checklist" and the inspector evaluating the exterior conditions will do so with the goal that such conditions should be in an "above average" to "superior" condition and collectively the property should be in exceptional condition. The criteria and/or specific materials necessary for the on-site verification of the good management practices shall be outlined in the program implementation policy and the property owner shall be made aware of the materials necessary prior to the Level Two inspection.

A property must have a 100% pass rating of the criteria listed under "Violation Checklist, Exterior/Common Area, Must Pass Items" and have an overall 85% pass rating of rest of the criteria in order to clear approval of Level Two and advance to Level Three of the incentive program.

Level Three - Only owners who have passed Level Two of this program will be eligible to initiate Level Three. This stage consists of an interior inspection of rental units. The criteria for this inspection is listed under "Violation Checklist, Interior Areas" and the inspector evaluating the interior conditions will do so with the goal that such conditions should be in an "above average" to "superior" condition and collectively the property should be in exceptional condition.

A maximum of 10% of the dwelling units in a complex (rounded up on any fraction) will be inspected (but no less than one unit). The units to be inspected will be selected by the Inspector from a list of at least 20% of the units on the property (vacant and/or occupied) selected by the owner.

A property must achieve a score of 85% or higher to achieve passage of this stage of the incentive program.

Prioritization of Applications - Applications will be reviewed in the order they are received. Incentive benefits will be awarded on a first come basis by qualification date. Twenty percent of the properties qualifying for the benefits must contain 15 units or less and 20% must contain 16 units or more. The remaining sixty percent may be from either category.

Applicants whose properties qualify for the Gold Seal benefit but who cannot receive exemption due to a lack of available funding will be placed on a priority list by certification date. Should funding become available, these priority applicants will only be required to pass a Level 1 inspection to qualify for the available funds. The certification period will begin on the date they pass all the required program incentive criteria.

#### **4. AWARDING THE "GOLD SEAL"**

Only owners who have achieved passage of all three levels will qualify for the monetary and marketing incentives granted to exceptional properties under the Gold Seal incentive program.

Once granted, the Gold Seal will be valid for four (4) years and will run with the property, not with the ownership, during that time. However, it is the responsibility of the new owner to notify the City of the transfer of ownership and to continue to meet the obligations of the program. After 4 years, in order for a property to continue to receive the benefits of the Gold Seal incentive program, the owner must reapply for the program and completely requalify through the process outlined in this document.

#### **5. DELAYED EXEMPTIONS**

Applicants who fail to meet the established qualification deadline to be certified for the Gold Seal benefit may be qualified for the award when the applicant can provide proof that a processing delay on the part of the City was the cause for them missing the deadline.

#### **6. QUALIFICATION EXEMPTION**

On occasion a property may be documented to have exemplary management practices, but such efforts are negated by special circumstances beyond the owner's/manager's control (such as property location, gang activity or external vandalism) which prevent the property from qualifying. In some rare cases and only at the discretion of the Code Enforcement Manager, certain properties may be qualified for the benefits of the incentive program because of special circumstances.

#### **7. LOSS OF INCENTIVE PROGRAM PRIVILEGES**

If a qualified property has deteriorated to the point that it is no longer exceptional, the Code Enforcement Manager may choose to re-evaluate the property and, if necessary, revoke the property's incentive program privileges. Program privileges would cease on the date the revocation occurs. Such properties would not be eligible for the incentive program benefits for a period of twelve (12) months beginning with the date of revocation. Property owners whose property privileges have been revoked may not reapply during the twelve (12) months they are on suspension. The privileges of requalifying properties will not be effective until the beginning of the next fiscal year following the twelve (12) month suspension.

#### **8. APPEALS**

Those owners who have applied for the incentive program but do not qualify or have failed may appeal such decisions to the Executive Director or his/her designee. The decision of the Executive Director, or his/her designee, shall be final.

## **GOLD SEAL INCENTIVE PROGRAM VIOLATIONS CHECKLIST**

### **EXTERIOR / COMMON AREAS**

Must Pass Items (100% on applicable items):

1. Poor landscaping - no ground cover, dirt areas, unsightly, dead trees, overgrown yard.
2. Excessive chipped/peeling paint.
3. Graffiti.
4. Damaged/unsightly fences.
5. Unauthorized enclosed balconies/patios.
6. Unpermitted/illegal lock(s) on required exit(s).

### **EXTERIOR / COMMON AREAS**

Must Pass Items (85% or higher on applicable items):

7. Deteriorated/substandard roofing.
8. Unsafe pools – pools with algae, unsafe pool fences and pool gates.
9. Loose or unsafe stairs, handrails or guardrails.
10. Unsafe or severely damaged decking/subfloor on balconies above ground level
11. Unapproved building, electrical, plumbing or mechanical alterations.
12. Excessive broken sprinklers.
13. Torn window/door screens.
14. Uneven sidewalks and/or walkways.
15. Dirty hallways, sidewalks or walkways.
16. Illegal fences.
17. Unsightly window coverings.
18. Deteriorated driveways, blocked driveways, excessive oil on driveways.
19. Excessive or unsightly storage on balconies or patios.
20. Drying clothes on fences or bushes.
21. Loitering on property.
22. House furniture in common/public areas.
23. Remaining evidence of sewage spill.
24. Dirty building exterior.
25. Illegal storage under carports.
26. Inoperable vehicles.
27. Vehicles for sale.
28. Street or unit numbers missing.
29. Banners without permits.

## GOLD SEAL INCENTIVE PROGRAM VIOLATIONS CHECKLIST

### EXTERIOR / COMMON AREAS

Must Pass Items (85% or higher on applicable items):

30. Storage on roof
31. Broken/missing mailboxes.
32. Cracks or holes in siding.
33. No manager office sign.
34. Inoperative exit signs.
35. Business on property without proper permits.
36. Dirty common areas/play areas.
37. Dirty awnings.
38. Excessive trash/debris throughout common areas.
39. Dirty trash bins, excessive trash lying outside trash enclosure.
40. Trash containers in unapproved locations.
41. Unapproved security screen doors.
42. Broken or missing fire extinguishers.
43. Leaking plumbing.
44. Hazardous electrical condition(s).
45. Damaged exterior doors.
46. Damaged shutters.
47. Stairs, handrails, guardrails in need of paint.

### INTERIOR AREAS

Must Pass Items (100% on applicable items):

1. Missing smoke detector in bedroom(s).
2. Missing smoke detector in hallway(s) adjacent to bedroom(s)
3. Missing carbon monoxide detector.
4. Uncapped gas line(s).
5. Lack of hot/cold running water.
6. Sleeping in closet or kitchen.
7. Unapproved/unsafe light fixture(s).
8. Unlicensed commercial activity in unit.
9. Unapproved security bars on windows.
10. Loose or unsafe stairs, handrails or guardrails.
11. Unpermitted water heater change-out.
12. Interior hoarding conditions.
13. Unapproved building, electrical, plumbing or mechanical alterations.

## **GOLD SEAL INCENTIVE PROGRAM VIOLATIONS CHECKLIST**

### **INTERIOR AREAS**

Must Pass Items (85% or higher on applicable items):

14. Illegal lock or latch on exterior doors(s).
15. Lock and/or hasps on bedroom door(s).
16. Clogged/leaking plumbing.
17. Inoperative electrical outlet(s)/improper wiring.
18. Severely deteriorated floor covering/sub-flooring.
19. Lack of/inoperable heating.
20. Smoke detector(s) inoperative/not provided.
21. Unapproved structural alterations.
22. Cockroach/rodent infestation.
23. Missing/severely damaged switch/plug cover(s).
24. Broken tub/shower glass.
25. Electrical appliances(s) used in unapproved exterior location.
26. Unsightly balcony storage.
27. Laundry drying on patio or balcony.
28. Trash chute and/or surrounding are not in sanitary condition.
29. Deteriorated/water damaged interior walls(s).
30. Deteriorated/water damaged ceiling(s).
31. Dire need of paint on interior walls.
32. Severely deteriorated cabinets or drawers
33. Blocked bedroom emergency exits(s).
34. Cover plates missing on wall heater.
35. Unvented fuel burning heater.
36. Damaged interior door(s).
37. Peeling paint on walls or ceilings.
38. Grossly deteriorated/insanitary countertops.
39. Inoperative bathroom ventilation.
40. Interior of unit filthy/insanitary.
41. Occupants in unit exceed number on rental agreement.
42. Items hanging from sprinkler head and/or lines.
43. Deteriorated window covering(s).
44. Inoperable kitchen exhaust vent.

Gold Seal Program  
2016 Ordinance Exhibit A